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April 11, 1996

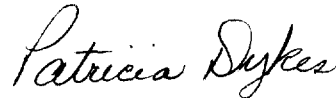
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Re: Federal-State Joint Board on
Universal Service
CC Docket No. 96-45

Dear Sir:

Enclosed you will find an original and four (4) copies of the Comments of the Alabama-Mississippi Telephone Association for filing with the FCC concerning the above referenced matter.

Very truly yours,



Patricia Dykes, Secretary to
Mark D. Wilkerson, Esq.

cc: Hon. Reed E. Hundt
Ernestine Creech
International Transcription Service

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Before the

FEDERAL COMMUNICATIONS COMMISSION

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Washington, DC 20554

In the Matter of

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CC Docket No. 96-45

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Federal-State Joint Board
on Universal Service

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COMMENTS OF THE
ALABAMA-MISSISSIPPI TELEPHONE ASSOCIATION

These comments are filed on behalf of the Alabama-Mississippi Telephone Association ("AMTA")¹ pursuant to the Federal Communications Commission's Notice of Proposed Rulemaking and Order Establishing Joint Board (NPRM), dated March 8, 1996.

The NPRM seeks comment on many significant issues affecting universal service and various present and future support mechanisms for such service. The issues identified in the NPRM are especially important to AMTA, whose membership in large part consists of local exchange carriers (LECs) serving predominantly rural areas of Alabama. Most AMTA members rely on the current universal service funding mechanisms to maintain the affordability of local exchange telephone service. This proceeding is critical to the very existence of such LECs and the continued availability of affordable, reliable telephone service to their rural customers.

As reflected in the NPRM, the Telecommunications Act of 1996 (the "Act") changes the concept of universal service, especially as applied in rural areas. For example, subsection 254(b)

¹ Membership in the Alabama-Mississippi Telephone Association includes fifty-one (51) Local Exchange Carriers serving consumers in Alabama and Mississippi, the majority of which are small, independent telephone companies serving rural areas. Two AMTA members, BellSouth Telecommunications, Inc. and GTE South, Inc. (GTE), have filed separate comments in this proceeding and, while supporting the comments generally, have reserved the right to take a different position on certain issues discussed herein.

of the Act sets forth certain principles on which the FCC and the Joint Board must base their decisions in this docket, including that: (1) quality services should be made available at just, reasonable, and affordable rates; and (2) consumers in rural and high-cost areas should have access to interexchange services and advanced telecommunications and information services, “that are reasonably comparable to those services provided in urban areas and that are provided at rates that are reasonably comparable to rates charged for similar services in urban areas.” By adopting this language, Congress extended the definition of universal service well beyond simple dial tone. For the immediate future, AMTA members will be responsible for bringing these services to rural areas.

In the short time period prescribed for comment, AMTA will briefly address the following issues:

- (1) the identification of “core” services to be provided to consumers in rural and high-cost areas;
- (2) the identification of advanced services to be made available in rural and high-cost areas;
- (3) the evolving nature of universal service;
- (4) whether additional service quality reports should be required of rural LECs;
- (5) who should contribute to the funding of universal service obligations;
- (6) on what basis funding contributions should be calculated;
- (7) eligibility for support;
- (8) proposed increases to the subscriber line charge; and
- (9) Lifeline issues.

Although AMTA’s comments do not address all the issues identified in the NPRM, it respectfully reserves the right to address additional issues in reply comments, if any, and to

participate fully in any further proceedings in this docket.

Discussion

1. Core Services

AMTA agrees with the FCC that the following services should be among those core services receiving universal service support: (1) voice grade access to the public switched network with the ability to place and receive interexchange and intraexchange calls; (2) touch-tone; (3) single party service; (4) access to emergency services (911); and (5) access to operator services. In addition to these services, AMTA believes that a “white page” directory listing, directory assistance and access to carriers should be also be included among the core services receiving universal service support. In regard to “enhanced” 911 service, most states have adopted local funding mechanisms for those communities seeking to implement such service. However, the advent of local competition may complicate such funding mechanisms and the Commission should reserve this issue for future consideration.

2. Access to Advanced Services

In addition to the core services discussed above, the Act requires that consumers in rural and high-cost areas have access to interexchange services and advanced telecommunications and information services that are reasonably comparable in quality and price to those services provided in urban areas.

AMTA fully supports the mandate of the Act regarding the availability of advanced services for rural areas. Careful consideration needs to be given to the “benchmark” used to determine the adequacy of rural service offerings, however. When examining the adequacy of services provided

in rural Alabama counties, it may be more relevant to look at the services being provided in Birmingham (Alabama's largest metropolitan area) rather than New York or Los Angeles. AMTA believes that the state commissions are best able to determine the appropriate urban benchmark for their respective states. In determining the advanced services to be made available in rural areas, the FCC should coordinate closely with the states and should adopt a mechanism that takes into account such regional differences.

3. Evolving Definition of Universal Service

AMTA agrees that the definition of universal service should evolve in step with technological change and that the issue should be revisited at regular intervals. AMTA supports the initial decision of the FCC to initially rely on existing information sources as part of its review process, rather than requesting new information from carriers.

4. Additional Quality of Service Reports

Many AMTA members serving rural areas are small, family run businesses, in which the owner is responsible for customer relations, repair, installation and government relations. The imposition of quality of service reporting requirements for such small companies would be unduly burdensome and would divert precious resources needed to cope with the rapid changes in the industry. AMTA members already file reports with state agencies which could be made available to the FCC, if needed. As an example, AMTA small LEC members recently completed negotiations for a streamlined quality of service reporting mechanism with the Alabama Public Service Commission ("APSC"), as part of a comprehensive regulatory reform effort. AMTA members are subject to regular inspection by state regulatory personnel. Quality of service issues involving small LECs have historically been the province of the state commissions, an arrangement that continues

to work well.

5. Contributors to Universal Service Funding

As recognized in the NPRM, the Act is ambiguous as to precisely which telecommunications providers the FCC may require to contribute to universal service funding. Subsection 254(b)(4) provides that the Joint Board and the FCC shall base policies for the preservation and advancement of universal service on the principle that all providers of telecommunications services should make an equitable and nondiscriminatory contribution. The Act defines providers of telecommunications services to include providers of intrastate and interstate telecommunications services. However, subsection 254(d) requires only interstate telecommunications providers to contribute to the FCC's universal support mechanisms, although the Commission is given broad latitude as to the type of carriers it can include in this definition.

The Act creates a framework for state, as well as federal universal support. With respect to intrastate carriers, subsection 254(f) allows states to adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service, and goes on to state that "every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the state to the preservation and advancement of universal service in that state." AMTA members are participating in ongoing state proceedings discussing the implementation of state universal service mechanisms in pursuant to the Act and prior state initiatives. There is apprehension at the state level over the possibility that existing support for rural LECs will be diminished, with a corresponding impact on rural consumers.

AMTA urges the Commission to require all providers of telecommunications services to contribute to the FCC's universal funding mechanism(s), using the broadest possible definition of

“telecommunications service” and to allow the states to implement their own methods for collecting contributions from intrastate providers. Once the federal support mechanisms are established, states will be in a position to determine which additional state specific universal support mechanisms are needed to meet state and federal policy objectives.

6. Funding Calculations

AMTA believes that interstate universal service mechanisms should be funded on the basis of gross interstate revenues received from end users.

7. Eligibility for Support

As part of its proposal to restructure support for subscriber loop rates, the Commission has requested comments as to whether eligibility for such support mechanisms should be limited to state-certified eligible carriers under the Act. AMTA believes that for the foreseeable future, incumbent LECs will continue to be the carrier of last resort in rural areas and, consequently, the proper recipient for universal service support. AMTA agrees that interstate universal service support mechanisms should be limited to state certified eligible carriers.

In past proceedings, some parties have urged the FCC to adopt a voucher system to address universal service concerns, in which funds or credits are distributed directly to qualifying customers. AMTA believes that such funding mechanisms are unworkable in rural areas and will cause great disruption during this transition period. Similarly, proposals to “auction” support mechanisms, while intuitively appealing, would be very difficult to apply in rural areas and are of doubtful legality.²

² GTE takes a contrary position and believes that bidding should be administered by states and that a federal plan should be designed to provide funding to eligible telecommunications carriers selected pursuant to such a bidding process.

Congress recognized the unique nature of rural areas when it gave states the right to give special designation to rural LECs. In such instances, the rural LEC should be the sole recipient of interstate universal service support.

8. Increases in Interstate Subscriber Line Charge

Any increase in the interstate subscriber line charges should be gradual and limited. Many AMTA members serving rural areas are in the throes of a necessary “rate rebalancing” process, wherein they are reducing their historic reliance on intrastate access charges and are increasing local rates to levels approaching those charged in urban areas. This process is being repeated by rural LECs across the country. The imposition of a significant increase in the interstate SLC at this time will hinder this effort and unnecessarily add to local rate increases already being absorbed in rural areas.

9. Lifeline Support

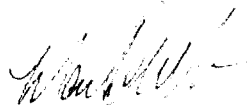
The Commission has solicited comments on whether there should be changes to the level of support or structure of the federal Lifeline program. Prior to passage of the Act, the FCC’s Lifeline program was gaining increasing importance as a means of mitigating the impact of rate increases resulting from “rate rebalancing” and other factors driving up rates in rural areas. As an example, the Alabama Public Service Commission is considering a staff proposal that would require all rural LECs to implement a \$7.00 federal and state lifeline rate in conjunction with a rate rebalancing plan. In the service areas of some AMTA members, almost one half of all citizens live below the poverty line, which underscores the importance of maintaining the Lifeline program as a means of ensuring that the disadvantaged receive basic telephone service.

Conclusion

The Commission should adopt a universal service support mechanism that maintains existing levels of support for rural LECs, recognizing the unique characteristics of their service areas and their special status under the Act and most state regulatory schemes. Such support mechanism should be funded through as broad a base of telecommunications providers as possible.

Respectfully submitted,

**THE ALABAMA-MISSISSIPPI TELEPHONE
ASSOCIATION**



Mark D. Wilkerson, Esq.

OF COUNSEL:

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P.O. Box 830
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DATE: April 11, 1996

CERTIFICATE OF SERVICE

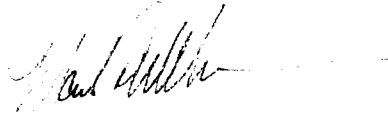
I hereby certify that I have issued a copy of the foregoing instrument upon
the following by U.S.Mail, postage prepaid, and properly addressed:

Federal-State Joint Board
The Honorable Reed E. Hundt, Chairman
Federal Communication Commission
1919 M Street, N.W., Room 814
Washington, DC 20554

International Transcription Service
Room 640
1990 M Street, N.W.
Washington, DC 20036

Ernestine Creech
Common Carrier Bureau
Accounting & Audits Division
2000 L Street, N.W., Suite 257
Washington, DC 20554

DATED: April 11, 1996



MARK D. WILKERSON, ESQUIRE